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TOWN OF BERNICE, LOUISIANA
ANNUAL FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

7/7/10

TOWN OF BERNICE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Joe Hicks, Mayor
Members of the Board of Alderman
Town of Bernice, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bernice, Louisiana, as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Bernice's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bernice, Louisiana as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2010, on our consideration of the Town of Bernice's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Required Supplementary Information, as listed in the foregoing table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying Supplementary Information, as listed in the foregoing table of contents, is presented for the purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Marcus, Robinson + Hassell

Marcus, Robinson and Hassell
June 23, 2010

REQUIRED SUPPLEMENTAL INFORMATION

PART I

TOWN OF BERNICE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009

This section of the Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended on December 31, 2009. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

The Town's net assets decreased \$40,343.

Program and general revenues amounted to \$1,023,448.

Expenses for the year amounted to \$1,063,791.

Capital Asset additions amounted to \$75,667.

Overview of the Financial Statements

This annual report consists of three parts:

- Management's discussion and analysis
- Basic financial statements
- Supplementary information

The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail than the government-wide statements. The Town has a general fund, a sales tax fund, a railroad grant fund, a utility relocation fund and a proprietary (water and sewer) fund.

TOWN OF BERNICE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009

Financial Analysis of the Funds

A summary of the basic government-wide financial statements is as follows:

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2009	2008	2009	2008	2009	2008
Assets						
Current and Other Assets	\$ 317,868	\$ 277,735	\$ 178,272	\$ 156,885	\$ 496,140	\$ 434,620
Capital Assets, Net	<u>2,896,859</u>	<u>2,971,808</u>	<u>1,075,962</u>	<u>1,129,048</u>	<u>3,972,821</u>	<u>4,100,856</u>
Total Assets	<u>3,214,727</u>	<u>3,249,543</u>	<u>1,254,234</u>	<u>1,285,933</u>	<u>4,468,961</u>	<u>4,535,476</u>
Liabilities	<u>122,639</u>	<u>123,713</u>	<u>701,800</u>	<u>726,898</u>	<u>824,439</u>	<u>850,611</u>
Net Assets						
Invested in Capital Assets, net of Related Debt	2,896,859	2,971,808	511,077	548,942	3,407,936	3,520,750
Restricted for Debt Service	0	0	57,299	52,205	57,299	52,205
Unrestricted	<u>195,229</u>	<u>154,022</u>	<u>(15,942)</u>	<u>(42,112)</u>	<u>179,287</u>	<u>111,910</u>
	<u>\$3,092,088</u>	<u>\$3,125,830</u>	<u>\$ 552,434</u>	<u>\$ 559,035</u>	<u>\$3,644,522</u>	<u>\$3,684,865</u>

The largest portion of the Town's net assets (89% and 96%) are invested in capital assets. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

The restricted net assets (1% and 1%) represent resources that are restricted to debt retirement.

The unrestricted net assets (5% and 3%) can be used to finance the day-to-day operations of the Town without restraints.

TOWN OF BERNICE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009

	Change in Net Assets				Total Primary	
	Governmental		Business-Type		Government	
	Activities		Activities		Government	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 162,858	\$ 138,969	\$421,807	\$438,491	\$584,665	\$ 577,460
Capital Grants and Contributions	78,324	56,239	0	28,791	78,324	85,030
General Revenues:						
Taxes	301,017	326,758	0	0	301,017	326,758
Licenses	53,491	53,432	0	0	53,491	53,432
Other	4,823	5,943	1,128	2,161	5,951	8,104
Total Revenues	<u>600,513</u>	<u>581,341</u>	<u>422,935</u>	<u>469,443</u>	<u>1,023,448</u>	<u>1,050,784</u>
Program Expenses						
General Government	330,410	360,841	0	0	330,410	360,841
Public Safety	218,489	219,227	0	0	218,489	219,227
Streets	41,343	29,571	0	0	41,343	29,571
Sanitation	44,013	43,620	0	0	44,013	43,620
Water and Sewer	0	0	429,536	412,766	429,536	412,766
Total Expenses	<u>634,255</u>	<u>653,259</u>	<u>429,536</u>	<u>412,766</u>	<u>1,063,791</u>	<u>1,066,025</u>
Increase (Decrease) in Net Assets	<u>(33,742)</u>	<u>(71,918)</u>	<u>(6,601)</u>	<u>56,677</u>	<u>(40,343)</u>	<u>(15,241)</u>
Net Assets, Beginning	<u>3,125,830</u>	<u>3,197,748</u>	<u>559,035</u>	<u>502,358</u>	<u>3,684,865</u>	<u>3,700,106</u>
Net Assets, Ending	<u>\$3,092,088</u>	<u>\$3,125,830</u>	<u>\$552,434</u>	<u>\$559,035</u>	<u>\$3,644,522</u>	<u>\$3,684,865</u>

Governmental activities decreased the Town's net assets by \$33,742 for the year 2009. Key elements and highlights are:

- 1) The Town received \$10,000 in State grants.
- 2) The Civic Center generated \$19,000.
- 3) Depreciation of the capital assets accounted for \$120,704 of the expenses.

The proprietary fund, water and sewer had a net operating loss of \$7,729. Depreciation of the capital assets accounted for \$82,998 of the expenses.

TOWN OF BERNICE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009

General Fund Budgetary Highlights

The budget is amended when it is determined that there are unexpected differences between actual and anticipated revenues and/or expenditures. The original approved budget for 2009 was not amended.

Capital Assets

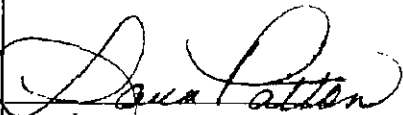
The Town invested \$75,667 in capital assets for the year 2009.

Economic Factors and Next Year's Budget

The Town has prepared its 2010 budget for the General Fund and Special Revenue Funds on the assumption that revenues and expenditures will remain fairly constant next year with the exception of capital assets and related grants mentioned above.

Request Information

This financial report is designed to provide citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Town of Bernice at P.O. Box 186, Bernice, Louisiana, 71222. The phone number for the Town is (318) 285-9071.



Lana Patton
Town Clerk

June 23, 2010

GOVERNMENT WIDE FINANCIAL STATEMENTS

TOWN OF BERNICE, LOUISIANA
STATEMENTS OF NET ASSETS
DECEMBER 31, 2009

	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 193,559	\$ 50,150	\$ 243,709
Accounts Receivable	30,184	64,305	94,489
Property Tax Receivable	12,271	0	12,271
Due From Other Funds	78,655	0	78,655
Prepaid Insurance	3,109	0	3,109
Interest Receivable	90	77	167
Inventory Supplies	0	6,441	6,441
Restricted Assets			
Cash	0	57,299	57,299
Capital Assets, net	<u>2,896,859</u>	<u>1,075,962</u>	<u>3,972,821</u>
<u>TOTAL ASSETS</u>	<u>3,214,727</u>	<u>1,254,234</u>	<u>4,468,961</u>
<u>LIABILITIES</u>			
Accounts Payable	13,450	16,438	29,888
Accrued Expenses	8,578	8,380	16,958
Due to Other Funds	0	78,655	78,655
Long-Term Liabilities:			
Customer Deposits Payable	0	33,442	33,442
Due Within One Year	0	15,598	15,598
Due in More Than One Year	<u>100,611</u>	<u>549,287</u>	<u>649,898</u>
<u>TOTAL LIABILITIES</u>	<u>122,639</u>	<u>701,800</u>	<u>824,439</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, net of Related Debt	2,896,859	511,077	3,407,936
Restricted For:			
Debt Service	0	57,299	57,299
Unrestricted	<u>195,229</u>	<u>(15,942)</u>	<u>179,287</u>
<u>TOTAL NET ASSETS</u>	<u>\$3,092,088</u>	<u>\$ 552,434</u>	<u>\$3,644,522</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

		<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating Grants</u>	<u>Capital Grants</u>
		<u>Services</u>	<u>and Contributions</u>	<u>and Contributions</u>
<u>FUNCTIONS/PROGRAMS</u>				
<u>GOVERNMENTAL ACTIVITIES:</u>				
General Government	\$ 330,410	\$ 25,000	\$10,000	\$68,324
Public Safety	218,489	61,820	0	0
Streets	41,343	0	0	0
Sanitation	<u>44,013</u>	<u>76,038</u>	<u>0</u>	<u>0</u>
<u>TOTAL GOVERNMENTAL</u>				
<u>ACTIVITIES</u>	634,255	162,858	10,000	68,324
<u>BUSINESS TYPE ACTIVITIES:</u>				
Water and Sewer	<u>429,536</u>	<u>421,807</u>	<u>0</u>	<u>0</u>
<u>TOTAL PRIMARY GOVERNMENT</u>	<u>\$1,063,791</u>	<u>\$584,665</u>	<u>\$10,000</u>	<u>\$68,324</u>

GENERAL REVENUES:

Taxes
Ad Valorem
Tobacco and Beverage
Franchise
Sales and Uses
Licenses and Permits
Interest Income
Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET ASSETS

NET ASSETS, BEGINNING

NET ASSETS, ENDING

<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
<u>Governmental</u>	<u>Business Type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Total</u>
\$ (227,086)	\$ 0	\$ (227,086)
(156,669)	0	(156,669)
(41,343)	0	(41,343)
<u>32,025</u>	<u>0</u>	<u>32,025</u>
(393,073)	0	(393,073)
<u>0</u>	<u>(7,729)</u>	<u>(7,729)</u>
(393,073)	(7,729)	(400,802)
29,244	0	29,244
117	0	117
43,616	0	43,616
228,040	0	228,040
53,491	0	53,491
2,402	1,128	3,530
<u>2,421</u>	<u>0</u>	<u>2,421</u>
<u>359,331</u>	<u>1,128</u>	<u>360,459</u>
(33,742)	(6,601)	(40,343)
<u>3,125,830</u>	<u>559,035</u>	<u>3,684,865</u>
<u>\$3,092,088</u>	<u>\$552,434</u>	<u>\$3,644,522</u>

See Notes to Financial Statements

FUND FINANCIAL STATEMENTS

TOWN OF BERNICE, LOUISIANA
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>General</u> <u>Fund</u>	<u>Sales</u> <u>Tax</u> <u>Fund</u>	<u>Railroad</u> <u>Grant</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 20,113	\$144,673	\$28,773	\$193,559
Accounts Receivable	11,986	18,198	0	30,184
Property Tax Receivable	12,271	0	0	12,271
Due from Other Funds	78,655	0	0	78,655
Prepaid Insurance	3,109	0	0	3,109
Interest Receivable	<u>0</u>	<u>90</u>	<u>0</u>	<u>90</u>
<u>TOTAL ASSETS</u>	<u>\$126,134</u>	<u>\$162,961</u>	<u>\$28,773</u>	<u>\$317,868</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 13,450	\$ 0	\$ 0	\$ 13,450
Accrued Expenses	<u>8,578</u>	<u>0</u>	<u>0</u>	<u>8,578</u>
<u>TOTAL LIABILITIES</u>	22,028	0	0	22,028
<u>FUND BALANCES</u>				
Unreserved	104,106	162,961	0	267,067
Restricted	<u>0</u>	<u>0</u>	<u>28,773</u>	<u>28,773</u>
<u>TOTAL FUND BALANCES</u>	<u>104,106</u>	<u>162,961</u>	<u>28,773</u>	<u>295,840</u>
<u>TOTAL LIABILITIES AND FUND</u> <u>BALANCE</u>	<u>\$126,134</u>	<u>\$162,961</u>	<u>\$28,773</u>	<u>\$317,868</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009

Total Fund Balance - Governmental Funds	\$ 295,840
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,896,859
Long-Term debt and notes payable are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(100,611)</u>
Net Assets-Governmental Activities	<u>\$3,092,088</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General</u> <u>Fund</u>	<u>Sales</u> <u>Tax</u> <u>Fund</u>	<u>Church</u> <u>Street</u> <u>Lift Station</u>	<u>Railroad</u> <u>Grant</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>REVENUES</u>					
Taxes					
Ad Valorem	\$ 29,244	\$ 0	\$ 0	\$ 0	\$ 29,244
Tobacco and Beverage	117	0	0	0	117
Franchise	43,616	0	0	0	43,616
Sales & Use	0	228,040	0	0	228,040
Licenses and Permits	53,491	0	0	0	53,491
Fines	61,820	0	0	0	61,820
Intergovernmental	10,155	0	21,270	47,054	78,479
Charges for Services	76,038	0	0	0	76,038
Interest Income	152	2,250	0	0	2,402
Other Revenues					
Rent	25,000	0	0	0	25,000
Miscellaneous	<u>2,266</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,266</u>
<u>TOTAL REVENUES</u>	<u>301,899</u>	<u>230,290</u>	<u>21,270</u>	<u>47,054</u>	<u>600,513</u>
<u>EXPENDITURES</u>					
General Government	249,619	24	0	48	249,691
Public Safety	190,935	4,800	0	0	195,735
Streets	28,749	0	0	0	28,749
Sanitation	39,376	0	0	0	39,376
Capital Outlay	<u>6,071</u>	<u>0</u>	<u>21,270</u>	<u>18,414</u>	<u>45,755</u>
<u>TOTAL EXPENDITURES</u>	<u>514,750</u>	<u>4,824</u>	<u>21,270</u>	<u>18,462</u>	<u>559,306</u>
<u>EXCESS OF REVENUES OVER</u> <u>(UNDER) EXPENDITURES</u>	(212,851)	225,466	0	28,592	41,207
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating Transfers In	200,000	0	0	0	200,000
Operating Transfers Out	<u>0</u>	<u>(200,000)</u>	<u>0</u>	<u>0</u>	<u>(200,000)</u>
<u>TOTAL OTHER FINANCING SOURCES</u> <u>(USES)</u>	<u>200,000</u>	<u>(200,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>EXCESS OF REVENUES AND OTHER</u> <u>SOURCES OVER (UNDER)</u> <u>EXPENDITURES</u>	(12,851)	25,466	0	28,592	41,207
<u>FUND BALANCE - BEGINNING</u>	<u>116,957</u>	<u>137,495</u>	<u>0</u>	<u>181</u>	<u>254,633</u>
<u>FUND BALANCE - ENDING</u>	<u>\$104,106</u>	<u>\$162,961</u>	<u>\$ 0</u>	<u>\$28,773</u>	<u>\$295,840</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUND STATEMENTS OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES TO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Net Change in Fund Balances - Governmental Funds	\$41,207
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Amounts reported for governmental activities in the Statements of Activities are different because:

Government funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are depreciated over their useful lives as depreciation expense.

Expenditures for Capital Outlay - Capitalized	45,755
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Less: Current Year Depreciation	(120,704)
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Change in Net Assets - Governmental Activities	<u>\$(33,742)</u>
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See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2009

Water and
Sewer Fund

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 50,150
Accounts Receivable	64,305
Interest Receivable	77
Inventory Supplies	6,441
<u>TOTAL CURRENT ASSETS</u>	<u>120,973</u>

Non-Current Assets

Restricted Cash	57,299
Capital Assets, Net	1,075,962
<u>TOTAL NON-CURRENT ASSETS</u>	<u>1,133,261</u>

TOTAL ASSETS

1,254,234

LIABILITIES

Current Liabilities

Accounts Payable	16,438
Accrued Expenses	8,380
Due to Other Funds	78,655
Note Payable FMHA - Current	15,598
<u>TOTAL CURRENT LIABILITIES</u>	<u>119,071</u>

NON-CURRENT LIABILITIES

Customer Deposits Payable	33,442
Note Payable FMHA - Net of Current Portion	549,287
<u>TOTAL NON-CURRENT LIABILITIES</u>	<u>582,729</u>

TOTAL LIABILITIES

701,800

NET ASSETS

Invested in Capital Assets, net of related debt	511,077
Restricted for:	
Debt Service	57,299
Unrestricted	(15,942)
<u>TOTAL NET ASSETS</u>	<u>\$ 552,434</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

Water and
Sewer Fund

OPERATING REVENUES

Water Revenue	\$187,639
Sewer Revenue	219,770
Reconnect and Water Tap Fees	3,310
Late Fees and Miscellaneous	<u>11,088</u>
<u>TOTAL OPERATING REVENUES</u>	421,807

OPERATING EXPENSES

Bad Debts	301
Billing Department	5,469
Depreciation	82,998
Insurance	37,498
Interest	34,622
Miscellaneous	12,740
Repairs	11,160
Retirement	3,600
Salaries	139,301
Sewer Tests	5,447
Supplies	45,584
Taxes - Payroll	10,657
Utilities	36,327
Vehicle	<u>3,832</u>
<u>TOTAL OPERATING EXPENSES</u>	429,536

OPERATING INCOME

(7,729)

NON-OPERATING REVENUES

Interest Income	<u>1,128</u>
-----------------	--------------

CHANGE IN NET ASSETS

(6,601)

NET ASSETS, BEGINNING

559,035

NET ASSETS, ENDING

\$552,434

See Notes to Financial Statements

THE TOWN OF BERNICE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

Water and
Sewer Fund

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$419,900
Cash Payments to Suppliers for Goods and Services	(198,590)
Cash Payments to Employees for Services	(139,301)
Other Receipts (Payments)	<u>(18,209)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

63,800

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of Capital Assets	(29,912)
Principal Paid on Note Payable - FMHA	<u>(15,221)</u>

NET USED IN CAPITAL AND RELATED FINANCING ACTIVITIES

(45,133)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Income	<u>1,479</u>
-----------------	--------------

NET CASH PROVIDED BY INVESTING ACTIVITIES

1,479

NET INCREASE IN CASH AND CASH EQUIVALENTS

20,146

CASH AND CASH EQUIVALENTS - BEGINNING

87,303

CASH AND CASH EQUIVALENTS - ENDING

\$107,449

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

Water and
Sewer Fund

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS
PROVIDED BY OPERATING ACTIVITIES

Operating (Loss)	\$(7,729)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Depreciation	82,998
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(1,907)
Decrease in Inventory	315
Increase in Accounts Payable	10,011
Decrease in Accrued Expenses	(1,665)
Increase in Meter Deposits	1,150
Decrease in Due to Other Funds	(19,373)

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$63,800

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

The Town of Bernice is located in Union Parish. The Town was incorporated under the provisions of the Lawrason Act.

The Town operates under a Mayor-Board of Alderman form of government. The Board of Alderman of the Town of Bernice is comprised of five alderman, elected for four year terms, who are compensated as shown in this report. The Town serves approximately 2000 citizens by providing police protection, fire protection, water/sewer services, sanitation services, street maintenance and various administrative functions such as legislation of town ordinances and the enforcement of same. The Town employs approximately twenty persons to serve the needs of the citizens of the Town of Bernice.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Bernice, Louisiana, have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Bernice is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component Units

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Bernice for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/ or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Bernice (the primary government). The Town of Bernice has no component units.

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

B. Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statements of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten per cent (10%) of the corresponding total for all funds of that category or type.
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five per cent (5%) of the corresponding total for all government and enterprise funds combined.
- c. The Town's management believes that the fund is particularly important to the financial statement users.

The funds are grouped into two fund types as described below:

Governmental Funds: Governmental funds account for all or most of the Town of Bernice's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The following are the Town's governmental funds:

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. General fund - to account for all financial resources, except those required to be accounted for in other funds.
2. Special revenue funds - to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Proprietary Funds: Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary fund of the Town of Bernice is an:

1. Enterprise fund - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees; or (b) where the governing body has decided that the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise fund is:

Water and Sewer Fund - Accounts for provision of water and sewerage services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; whereas, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of account relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for the proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. As a general guideline, the Town considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The revenues susceptible to accrual are ad valorem taxes, sales taxes, interest income, intergovernmental revenues, and charges for services. All other governmental fund revenues are recognized when received.

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

D. Budget Information

The Town of Bernice prepared operating budgets for the year ended December 31, 2009. The proposed budgets were published in the official journal and made available for public inspection. A public hearing for the proposed budgets was held on December 9, 2008, and the budgets were adopted by the mayor and council members. The budgets presented anticipated revenues and expenditures on a basis consistent with generally accepted accounting principles. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

E. Deposits and Investments

Cash and cash equivalents consist of cash on hand, demand deposits, interest-bearing demand deposits, and short-term time deposits with original maturities of three months or less from date of acquisition.

Under state law, the Town of Bernice may invest funds in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consistently solely of government backed securities.

F. Capital Assets

Capital Assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulate depreciation reflected in the statement of net assets. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	40
Water and Sewer System	25-40
Improvements Other than Buildings	15-40
Machinery and Equipment	3-15
Vehicles	5-15
Infrastructure	40

G. Compensated Absences

All unpaid vacation must be taken during the current year or they lapse at December 31. Therefore, there is no accrual of unpaid vacation. Unused sick pay shall be rolled over from year to year with the maximum accumulation of 30 days. There is no accrual for unpaid sick pay.

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

H. Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds during the reporting period. Actual results could differ from those estimates.

J. Bad Debts

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles. Management feels the receivables recorded are collectible and no bad debt allowance is necessary.

NOTE 2 - AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in October or November and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Union Parish.

For the year ended December 31, 2009, taxes were levied on property with assessed valuations totaling \$5,538,660 and were dedicated as follows:

General corporate purpose	5.28 mills
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Total taxes levied were \$29,244. Taxes receivable at December 31, 2009 consisted of the following:

Taxes Receivable current roll	<u>\$12,271</u>
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TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 3 - CASH AND CASH EQUIVALENTS

At December 31, 2009, the Town of Bernice has cash and cash equivalents (book balances) totaling \$243,709 unrestricted and \$57,299 restricted as follows:

Demand Deposits	\$102,533
Petty Cash	100
Time Deposits	<u>198,375</u>
Total	<u>\$301,008</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2009, the Town of Bernice has \$316,046 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$66,046 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town of Bernice that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - RECEIVABLES

	General Fund	Sales Tax Fund	Proprietary Fund	Total
Advalorem Taxes	\$12,271	\$ 0	\$ 0	\$ 12,271
Sales Tax	0	18,198	0	18,198
Fines	11,986	0	0	11,986
Fees	0	0	64,305	64,305
Total	<u>\$24,257</u>	<u>\$18,198</u>	<u>\$64,305</u>	<u>\$106,760</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES

	Interfund Receivables	Interfund Payables
General Fund	\$78,655	\$ 0
Proprietary Fund	0	78,655
	<u>\$78,655</u>	<u>\$78,655</u>

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 6 - RESTRICTED ASSETS - PROPRIETARY FUND

Restricted assets of the proprietary fund were comprised of the following at December 31, 2009:

Cash for Debt Service	<u>\$57,299</u>
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NOTE 7 - CAPITAL ASSETS

	Balance December 31, 2008	Additions	Deletions	Balance December 31, 2009
Government Activities				
Land	\$ 259,385	\$ 0	\$ 0	\$ 259,385
Building and Improvements	863,355	0	0	863,355
Improvements Other Than Buildings	2,048,536	39,684	0	2,088,220
Infrastructure	503,774	0	0	503,774
Machinery and Equipment	99,277	6,071	0	105,348
Vehicles	<u>356,251</u>	<u>0</u>	<u>25,044</u>	<u>331,207</u>
Total	4,130,578	45,755	25,044	<u>4,151,289</u>
Less: Accumulated Depreciation				
Buildings and Improvements	246,594	21,836	0	268,430
Improvements Other than Buildings	383,265	54,673	0	437,938
Infrastructure	141,944	12,594	0	154,538
Machinery and Equipment	90,965	5,687	0	96,652
Vehicles	<u>296,002</u>	<u>25,914</u>	<u>25,044</u>	<u>296,872</u>
Total	<u>1,158,770</u>	<u>120,704</u>	<u>25,044</u>	<u>1,254,430</u>
Governmental Activities, Capital Assets, net	<u>\$2,971,808</u>	<u>\$(74,949)</u>	<u>\$ 0</u>	<u>\$2,896,859</u>
Business Type Activities:				
Land	\$ 10,162	\$ 3,000	\$ 0	\$ 13,162
Water and Sewer System	3,135,366	19,286	0	3,154,652
Computer Equipment	7,998	0	0	7,998
Machinery and Equipment	<u>220,641</u>	<u>7,626</u>	<u>0</u>	<u>228,267</u>
Total	3,374,167	29,912	0	3,404,079
Less: Accumulated Depreciation				
Water and Sewer System	2,052,376	68,398	0	2,120,774
Computer Equipment	7,998	0	0	7,998
Machinery and Equipment	<u>184,745</u>	<u>14,600</u>	<u>0</u>	<u>199,345</u>
Total	<u>2,245,119</u>	<u>82,998</u>	<u>0</u>	<u>2,328,117</u>
Business Type Activities Capital Assets, Net	<u>\$1,129,048</u>	<u>\$(53,086)</u>	<u>\$ 0</u>	<u>\$1,075,962</u>

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

Depreciation expense reported by the various functions is presented as follows:

<u>Governmental Activities</u>	
General Government	\$80,719
Public Safety	22,754
Streets	12,594
Sanitation	<u>4,637</u>
Total Depreciation - Governmental Activities	<u>\$120,704</u>
 <u>Business Type Activities</u>	
Water and Sewer	\$ 82,998
Total Depreciation - Business type Activities	<u>\$ 82,998</u>

NOTE 8 - INVENTORIES

Inventories are valued at cost primarily by using first in, first out (FIFO) method. Inventories of the Enterprise Fund consists of repair materials, spare parts and consumable supplies. These inventories are accounted for using the consumption method.

NOTE 9 - PENSION PLANS

All employees of the Town of Bernice, Louisiana, are members of the Social Security System. The Town contributed \$31,751 as the employer's portion. Employees have the option of participating in a SIMPLE retirement plan. The Town will match employee contributions up to 3% of gross salaries. The Town's matching contributions for 2009 total \$6,939.

NOTE 10 - POST RETIREMENT BENEFITS

The Town provides no post retirement benefits for its employees.

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 11 - LONG-TERM DEBT - PROPRIETARY FUND

Water Revenue Bond:

Water System Construction. Interest rate is 6%. Payment of interest only was due on October 23, 1990 and 1991. Principal and interest is due October 23, 1992 to 2029. The original bond issuance is for 735,600.

	<u>ENTERPRISE FUND</u> <u>WATER REVENUE</u> <u>BONDS</u>
Debt Payable January 1, 2009	\$580,106
Debt Issued	0
Debt Retired	(15,221)
Debt Payable December 31, 2009	564,885
Less: Current Maturities	<u>15,598</u>
Long-term Debt	<u>\$549,287</u>

<u>YEAR ENDING</u> <u>DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 15,598	\$ 33,943	\$ 49,541
2011	16,535	33,006	49,541
2012	17,527	32,014	49,541
2013	18,578	30,963	49,541
2014	19,712	29,829	49,541
2015-2029	<u>476,935</u>	<u>266,390</u>	<u>743,325</u>
	<u>\$564,885</u>	<u>\$426,145</u>	<u>\$991,030</u>

NOTE 12 - GENERAL FUND LONG - TERM DEBT

The general long-term debt is a loan from the State of Louisiana for Utility Relocation Assistance Funds as promulgated in accordance with R.S. 48:381. The funds were advanced for payment of the Town's portion of the cost of State Project No. 023-11-0035 and Project No. 023-11-0034, Route U.S. 167.

The loan is non-interest bearing and has no timetable for repayment nor has a repayment schedule been established. The Town is to repay the loan as funds become available.

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 13 - DEDICATION OF PROCEEDS AND FLOW OF FUNDS - 1% Sales and Use Tax -

The 1% sales tax was increased to 2% effective October 1, 1988.

The proceeds of this tax to be dedicated and used for the purpose of acquiring, constructing, improving, maintaining, and operating fire protection facilities, purchasing fire trucks, ambulance, rescue vehicles, or other fire fighting, ambulance and/or rescue equipment; or for one or more of said purposes including the supplementing of the general revenues, said tax to be subject to funding into funds by the Town for the purpose of making capital improvement to the extent and in the manner permitted by the laws of Louisiana should such become necessary.

NOTE 14 - PENDING LITIGATION AND CONTINGENT LIABILITIES

There is one pending law suit at December 31, 2009 in which the Town of Bernice is currently involved. The Town's attorney states that there is a strong possibility that there will be no liability on the part of the Town of Bernice. A Motion for Summary Judgment will be filed.

NOTE 15 - TOWN OF BERNICE, LOUISIANA, ELECTED OFFICIALS

<u>NAME</u>	<u>POSITION</u>	<u>ADDRESS</u>	<u>SALARY</u>	<u>TERM EXPIRES</u>
Joe Hicks	Mayor	P. O. Box 329 Bernice, LA 71222	16,200	12/31/10
Ricky Albritton	Chief-of Police	705 South Cherry Bernice, LA 71222	26,677	12/31/10
Oliver Gene Terrall	Alderman District 1	929, Pisgah Church Rd Bernice, LA 71222	1,800	12/31/10
Rhodell Montgomery	Alderman District 2	P. O. Box 273 Bernice, LA 71222	1,800	12/31/10
Teddy Sutton	Alderman District 3	113 Church St Bernice, LA 71222	1,800	12/31/10
Mildred Ferguson	Alderman District 4	P. O. Box 43 Bernice, LA 71222	1,800	12/31/10
Amy Pesnell	Alderman District 5	3017 Roberson St. Bernice, La 71222	<u>1,800</u>	12/31/10
<u>TOTAL SALARIES</u>			<u>\$51,877</u>	

REQUIRED SUPPLEMENTAL INFORMATION
(PART II)

TOWN OF BERNICE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>				
Taxes				
Ad Valorem	\$ 25,000	\$ 25,000	\$ 29,244	\$ 4,244
Tobacco and Beverage	500	500	117	(383)
Franchise	50,000	50,000	43,616	(6,384)
Licenses and Permits	52,000	52,000	53,491	1,491
Fines	35,000	35,000	61,820	26,820
Intergovernmental	0	0	10,155	10,155
Charges for Services	75,000	75,000	76,038	1,038
Other Revenues				
Rent	24,500	24,500	25,000	500
Interest Income	0	0	152	152
Miscellaneous	0	0	2,266	2,266
<u>TOTAL REVENUES</u>	<u>262,000</u>	<u>262,000</u>	<u>301,899</u>	<u>39,899</u>
<u>EXPENDITURES</u>				
General Government	256,115	256,115	249,619	6,496
Public Safety	175,200	175,200	190,935	(15,735)
Streets	28,000	28,000	28,749	(749)
Sanitation	40,000	40,000	39,376	624
Capital Outlay	0	0	6,071	(6,071)
<u>TOTAL EXPENDITURES</u>	<u>499,315</u>	<u>499,315</u>	<u>514,750</u>	<u>(15,435)</u>
<u>EXCESS OF REVENUES OVER</u> <u>(UNDER) EXPENDITURES</u>	<u>(237,315)</u>	<u>(237,315)</u>	<u>(212,851)</u>	<u>24,464</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	240,000	240,000	200,000	(40,000)
Operating Transfers Out	0	0	0	0
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>240,000</u>	<u>240,000</u>	<u>200,000</u>	<u>(40,000)</u>
<u>EXCESS OF REVENUES AND OTHER</u> <u>SOURCES OVER (UNDER)</u> <u>EXPENDITURES</u>	<u>2,685</u>	<u>2,685</u>	<u>(12,851)</u>	<u>(15,536)</u>
<u>FUND BALANCE - BEGINNING</u>	<u>116,957</u>	<u>116,957</u>	<u>116,957</u>	<u>0</u>
<u>FUND BALANCE - ENDING</u>	<u>\$119,642</u>	<u>\$119,642</u>	<u>\$104,106</u>	<u>\$(15,536)</u>

TOWN OF BERNICE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Taxes				
Sales & Use	\$240,000	\$240,000	\$228,040	\$(11,960)
Interest Income	<u>250</u>	<u>250</u>	<u>2,250</u>	<u>2,000</u>
<u>TOTAL REVENUES</u>	<u>240,250</u>	<u>240,250</u>	<u>230,290</u>	<u>(9,960)</u>
<u>EXPENDITURES</u>				
General Government	0	0	24	(24)
Public Safety	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>0</u>
<u>TOTAL EXPENDITURES</u>	<u>4,800</u>	<u>4,800</u>	<u>4,824</u>	<u>(24)</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	235,450	235,450	225,466	(9,984)
<u>OTHER FINANCING USES</u>				
Operating Transfers Out	<u>240,000</u>	<u>240,000</u>	<u>200,000</u>	<u>40,000</u>
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</u>	(4,550)	(4,550)	25,466	30,016
<u>FUND BALANCE, BEGINNING</u>	<u>137,495</u>	<u>137,495</u>	<u>137,495</u>	<u>0</u>
<u>FUND BALANCE, ENDING</u>	<u>\$132,945</u>	<u>\$132,945</u>	<u>\$162,961</u>	<u>\$ 30,016</u>

TOWN OF BERNICE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - RAILROAD GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental	\$47,054	\$47,054	\$47,054	\$ 0
TOTAL REVENUES	47,054	47,054	47,054	0
EXPENDITURES				
General Government	0	0	48	(48)
Capital Outlay	<u>18,414</u>	<u>18,414</u>	<u>18,414</u>	<u>0</u>
TOTAL EXPENDITURES	<u>18,414</u>	<u>18,414</u>	<u>18,462</u>	<u>(48)</u>
EXCESS REVENUES OVER EXPENDITURES	28,640	28,640	28,592	(48)
FUND BALANCE, BEGINNING	<u>181</u>	<u>181</u>	<u>181</u>	<u>0</u>
FUND BALANCE, ENDING	<u>\$28,821</u>	<u>\$28,821</u>	<u>\$28,773</u>	<u>\$(48)</u>

TOWN OF BERNICE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - CHURCH STREET LIFT STATION GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental	<u>\$21,270</u>	<u>\$21,270</u>	<u>\$21,270</u>	<u>\$0</u>
TOTAL REVENUES	21,270	21,270	21,270	0
EXPENDITURES				
Capital Outlay	<u>21,270</u>	<u>21,270</u>	<u>21,270</u>	<u>0</u>
TOTAL EXPENDITURES	<u>21,270</u>	<u>21,270</u>	<u>21,270</u>	<u>0</u>
EXCESS REVENUES OVER EXPENDITURES	0	0	0	0
FUND BALANCE, BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$0</u>

TOWN OF BERNICE, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2009

BUDGETARY COMPARISON SCHEDULES

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. A budgetary comparison is presented for all major funds consistent with accounting principles generally accepted in the United States of America.

REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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SOCIETY OF LOUISIANA

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Joe Hicks, Mayor
Members of the Board of Alderman
Town of Bernice
Bernice, Louisiana

We have audited the financial statements of the Town of Bernice as of and for the year ended December 31, 2009, and have issued our report thereon dated June 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (Item2009-1). A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an

objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of management, and use of the Board of Alderman, the Town of Bernice and the Legislative Auditor of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
June 23, 2010

TOWN OF BERNICE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

We have audited the financial statements of the governmental activities and each major fund of the Town of Bernice, as of and for the year ended December 31, 2009, which collectively comprise the basic financial statements and have issued our report thereon dated June 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2009 resulted in an unqualified opinion.

Section I - Summary of the Auditor's Results

I. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Significant Deficiency ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Federal Awards

Not Applicable

Section II - Financial Statement Findings

2009-I - Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures.

Recommendation: No action is recommended.

Management's response and planned corrective action: We concur in the finding, but it is not economically feasible for corrective action to be taken.

Section III - Federal Award Findings and Questioned Costs

Not Applicable

TOWN OF BERNICE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

Section I - Internal Control and Compliance Material to Financial Statements

<u>Findings</u>	<u>Response</u>
2008-1 - Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures.	Unresolved - See Finding 2009-1

Section II - Management Letter

No management letter was issued.